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Senate

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

The PRESIDENT pro tempore. The Senate will be led in prayer by the Senate Chaplain, Dr. Lloyd John Ogilvie.

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, thank You for Your love that never gives up on us. Help us discover the power of resting in You and receiving assurance and encouragement of Your amazing grace. Here we are at the beginning of another day. You know our needs and are prepared to meet those needs with exactly the right gift of Your spirit. You are present, impinging with inspiration to lift our spirits; hovering with hope to press us on. All through this day there will be magnificent moments when we overcome the temptation of trying to make it on our own strength, and instead, yield to the inflow of your wisdom, insight, vision, and guidance. Our souls are meant to be containers and transmitters of Your power. We thank You in advance for a stunning day in which we are blessed by being carried by Your presence rather than being bogged down by trying to carry our problems. In the Lord's name. Amen.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

The able Senator from New York is recognized.

SCHEDULE

Mr. D'AMATO. Mr. President, we will consider the conference report, as was indicated, to H.R. 1058, the securities litigation bill. There is an 8-hour time limitation on the conference report.

We will recess from 12:30 to 2:15 for the weekly policy conference meetings.

Following the securities litigation, we will resume consideration of H.R. 1833, the partial-birth abortions bill. Rollcall votes, therefore, will be expected during today's session.

PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995—CONFERENCE REPORT

Mr. D'AMATO. Mr. President, I submit a report of the committee of conference on H.R. 1058 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. FRIST). The report will be stated.

The legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1058) to reform Federal securities litigation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 28, 1995.)

Mr. D'AMATO. Mr. President, today, the Senate will vote on the conference report to H.R. 1058, the Private Securities Litigation Reform Act of 1995.

This legislation has been 4 years in the making. It is a thoughtful and carefully crafted bill. The provisions in the conference report are balanced to make the legal system fairer and better for investors. The current system does not protect investors, it exploits them. Now, the system is not fair to investors and is not fair to American business. Plaintiffs' lawyers know that and take advantage. It is time to reform the securities class action litigation

from a moneymaking enterprise for lawyers into a better means of recovery for investors.

The present system is a feeding frenzy for plaintiffs' lawyers who prey on companies with volatile stock prices, eat up the companies' profits with a strike suit and move on to the next victim. Lawyers are now able to file a baseless securities class action lawsuit against a company, claiming millions of dollars in damages, and coerce huge settlements. About 300 securities class action lawsuits are filed each year. The same lawyers, and in some cases the same plaintiffs, the world's unluckiest investors, show up in these lawsuits time after time.

Frequently, the same complaint comes out of a word processor barely changed. In one infamous case, a lawsuit against Philip Morris claimed fraud in the "toy industry." In other words, the forms are set, the stock price drops, and bang, the suit is filed with the same plaintiffs hired—in many cases, the plaintiff owns only 10 shares of stock. We have seen some cases where the same plaintiffs appears in as many as 13 lawsuits. They are professional plaintiffs.

A drop in a public company's stock price, a failed product development project, or even adverse market conditions that affect earnings, can trigger one or more securities fraud lawsuits. Many times the complaint simply alleges that management's predictions about the company's future did not come true.

Once discovery begins, plaintiffs' counsel begins a fishing expedition for evidence. One witness told a securities subcommittee that his company produced 1,500 boxes of documents during discovery in this type of case. The discovery ended up costing the company \$1.4 million.

The threat of a protracted securities class action lawsuit is powerful. Companies pony up huge settlements rather

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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